

Factors Affecting In Intention To Use Of Financial Services Thorough Mobile Phones

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ABSTRACT

Customers across the world, even technologically optimists, have refrained from using technology aided solutions. There are many reasons why technology has not been able to ride the acceptance wave and cross the hurdle and become an acceptable feature in banking. Rogers (1995) identified five critical attributes that greatly influence the rate of adoption. These include relative advantage, compatibility, complexity, triability and observability. According to Rogers, the rate of adoption of new innovations will depend on how an organization perceives its relative advantage, compatibility, triability, observability and complexity. Majority of the respondents have high opinion with relative advantage, social factor, compatibility and observability. The social factors improves quality of life where using mobile banking has less level of positive correlation with observability for example mobile activity has access any time and also it has low positive significance with both social factor and compatibility. This research work reports the fast growth of M-Banking technology enabled financial information service in the banking sector of India in terms of their volume and value of M-Banking transaction. extending services to unbanked centres and low income groups will require a combination of new advanced technologies. For that reason, banking sector of India finds M-Banking service a new era in electronic banking.

Keywords- Relative advantage, compatibility, complexity, triability and observability.

INTRODUCTION

Banks have changed from paper-based banking solutions provider to the latest of the technologies like online-banking, mobile-banking, etc. Customers across the world, even technologically optimists, have refrained from using technology aided solutions. There are many reasons why technology has not been able to ride the acceptance wave and cross the hurdle and become an acceptable feature in banking. As today's banking has redefined itself as customer centric, it becomes more important that the customer is happy with the services being provided. Unfortunately, the acceptance and adoption rates are very low even in the case of educated customers.

Mobile Banking is a system of providing services to a customer to carry out banking transactions on the mobile phone through a internet service provider. Banks have to provide facilities to their customers whenever they are in need and wherever they are. Mobile banking operates through short messages. Customers have to, therefore, configure Short Message Service (SMS). They have to activate Mobile Messaging Service (MMS) in the mobile phone.

Mobile banking is one of the important channels through which the customers can be migrated from front office operations to indirect channels, in order to save their valuable time as also that of the executives working in the bank. The time saved can be effectively utilized for business development and cost reduction. Mobile phones have gained so much prominence in the present day life that a person can't survive without this communication channel. Once upon a time, a mobile phone was a luxury, but now it is necessity. In every state the number of consumers using mobile phones is increased to

unexpected levels. Maximum young customers have bank accounts in various banks which use technology and avail themselves of mobile banking services. Therefore, banks have chosen mobile banking as one of the best methods for channel migration of customers. Customers are also pleased to have these services.

REVIEW OF LITERATURE

Different authors analyzed Mobile financial services in different perspectives and the detailed Research of the related literature promotes a clear understanding of the problem at hand and design of the study. It also provides a theoretical base for the analyzes and helps the researcher to conceptualize the problem and to choose the design of the present study. Therefore, this chapter discusses the available studies of M-Banking (including a few numbers of other electronic channel/Information Technology) in various countries like India, Singapore, Indonesia, Thailand, Nigeria, Oman, Kenya, Brazil, German, Ghana, Philippines, South Africa, Taiwan, Korea, China, Bangladesh, Finland, Saudi Arabia, Australia and others.

Rogers (1995) identified five critical attributes that greatly influence the rate of adoption. These include relative advantage, compatibility, complexity, triability and observability. According to Rogers, the rate of adoption of new innovations will depend on how an organization perceives its relative advantage, compatibility, triability, observability and complexity. If an organization in Kenya observes the benefits of mobile and internet banking they will adopt these innovations given other factors such as the availability of the required tools. Adoption of such innovations will be faster in organizations that have internet access and information technology departments than in organizations without.

Complexity

Rogers (1995) described complexity as “the degree to which an innovation is perceived as relatively difficult to understand and use”. Complexity was similar to the “perceived ease of use” component of TAM and was a significant predictor of the intention to use and adopt an innovation as the more complex. An innovation was the slower its rate of adoption will be higher.

Lee et al. (2003) affirm that “perceived complexity” negatively affect m-banking usage and adoption. Koenig-Lewis et al. (2010) affirm that the perceived complexity of m-banking will be lower for users who are versed with mobile phones and will consequently experience fewer problems in using m-banking.

Compatibility

Rogers (1995) defined compatibility as “the degree to which an innovation is perceived to be consistent with existing values, past experiences and the need of potential users”. Lee and Lee (2010) argued that people tend to more easily adopt technologies that were compatible with the current technologies that they have or had before. Innovations that match with the lifestyle of users usually have a faster adoption rate. In the context of m-banking, compatibility refers to the extent to which m-banking was consistent with consumers’ lifestyle and current needs.

Observability

Rogers (1995) argues that observability is the “degree to which the results of an innovation are visible and tangible to others”. Liu and Li (2009) assert that the more it is easy to described and observed an innovation the more positive impact it will had on people

which will eventually encourage usage of the innovation. Cruz et al. (2010) affirm that probability of adopting an innovation increases when the benefits and usage of innovation can be easily observed.

Triability

Triability is defined as the “degree to which an innovation can be tried on a limited basis (Rogers and Shoemaker, 1971). As per Rogers, there is faster adoption of new ideas when these can be tried before their full implementation whilst adoption tend be slower where prior trial was not possible (Püscel et al., 2010). For financial services, however, Aldás-Manzano et al. (2009a) assert that customers were unable to try them before adoption.

Objectives of this Study

This research paper aims at enriching the knowledge and understanding of Customers’ Perspective in Adoption of Financial Services through Mobile Phone. To understand the facilitating advantages of banking services through mobile phone in terms of demographics profile of customers. To know and analyse of the influencing factors of adoption of financial services through phone which are relative advantage, compatibility, complexity, triability and observability.

Methodology

In this chapter methodology for this research work has been looked into after taken into consideration the characteristics of qualitative approach that was used. The questionnaire was qualitative in nature for the gathering of necessary data useful for the research work and also semi structured interview was taken into consideration. In

addition to this, method of data analysis and interpretation was given with the research model and hypotheses developed .

ANALYSIS AND INTERPRETATION

Before going to collect information related to mobile banking services (MBS) from the customers MBS proforma has been used in order to identify how many customers are using MBS offered by their bank through their mobile phone.

Table-: Mobile Phone Users' Profile

Q. No.	Variable		Number of Respondents	Percentage
1.	Mobile phones user		710	100
2.	Mobile phone with Internet connection	Yes	539	75.9
		No	171	24.1
3.	Bank account holder	Yes	703	99.0
		No	7	1.0
4.	Getting mobile banking awareness	Yes	383	53.9
		No	327	46.1
5.	Mobile banking users	Yes	257	36.2
		No	453	63.8
6.	Reason for not using mobile banking services	User	257	36.2
		Not awareness	176	24.8
		No internet	114	16.1
		Privacy issues	45	6.3
		Security problems	42	3.9
		Mobile not supported	76	10.7

Table represents the proforma questionnaire for collecting information from the respondents related to mobile banking facilities and internet connection. Out of 710 respondents, 539 comprising 75.9 per cent having internet connection and 171 respondents comprising 24.1 per cent are not having internet connection with their mobile phone. Majority of respondents are using internet connection with their mobile phone. Among 710 respondents, 703 (99%) are having bank account and seven respondents comprising one per cent are not having bank account. 383 respondents comprising 53.9 per cent are aware of mobile banking services and 327 respondents comprising 46.1 per cent are not aware of mobile banking facilities. Majority of respondents are not aware of mobile banking services offered by various banks. Among the 710 respondents, 257 (36.2%) are using mobile banking services and 453 (63.8%) are not using mobile banking services. Majority of the respondents are not using mobile banking services offered in Chidambaram town limited banks.

453 respondents are not using mobile banking services for various reasons. Among the 453 respondents, 176 comprising 24.8 per cent are not aware of the MBS facilities, 114 comprising 16.1 per cent are not having internet facilities on their mobile phone, 45 respondents comprising 6.3 per cent are not using for privacy issues, and the security problems. 42 respondents (3.9%) are not interested to use MBS and 73 respondents comprising 10.3 per cent stated that their mobile phones do not support these facilities and 3 respondents comprising 0.4 per cent stated that the various other reasons are involved for not using of MBF.

The sample size is determined through this proforma questionnaire. A total of 710 proforma questionnaire had been collected, 257 customers are using MBF that are offered by various banks through their mobile phone. Based on this note, the researcher concluded that the sample size has been determined as 257.

Table-: Descriptive Statistics – Intention to Use Mobile Banking Services

Intention to Use	Level of use	Frequency	Percentage
Relative advantage	High	156	60.7
	Medium	86	33.4
	Low	15	5.8
Social Factor	High	115	44.7
	Medium	123	47.8
	Low	19	7.3
Compability	High	169	65.7
	Medium	77	29.9
	Low	11	4.2
Observability	High	157	61.0
	Medium	87	33.8
	Low	13	5.0

The above table indicates the reasons for intention to use MBS with three different indexes. From the table it is observed that 156 respondents comprising 60.7 per cent have

high relative advantages whereas 86 respondents comprising 33.4 per cent have medium relative advantage. 5.8 per cent of respondents have low relative advantage. There are 115 respondents comprising 44.7 per cent have high social factors, whereas 123 respondents comprising 47.8 per cent have medium social factors. 7.3 per cent of respondents have low social factors. 169 respondents comprising 65.7 per cent have high compatibility, whereas 77 respondents comprising 29.9 per cent have medium compatibility. 4.2 per cent of respondents have low compatibility. 157 respondents comprising 61 per cent have high observability, whereas 87 respondents comprising 33.8 per cent have medium observability and 5 per cent of respondents that is 13 in number have low observability. Majority of the respondents have high opinion with relative advantage, social factor, compatibility and observability.

Table-: Correlation Analysis for Intention to Use

	Relative advantage	Observability	Compatibility	Social Factor
Relative advantage				
Observability	0.278**			
Compatibility	0.574**	0.325**		
Social Factor	0.386**	0.222**	0.344**	

** Significant at 1 per cent level

The usage table shows the correlation between factors of intention to use line reliance advance observability, compatibility and social factors. Relative advantages of using banking services through mobile such as managing finance, convenient way of operating account have statistically significant moderate positive correlation with

compatibility ($r=0.574$) when the service bank introduces new technology and adopts new innovation in the mobile banking services which increases the relative advantages of mobile banking users. But the same relative advantages have low positive correlation with social factors ($r=0.386$) which means that factors other encouraging use of mobile banking services do not influence the relative advantage of MBS.

The social factors improves quality of life where using mobile banking has less level of positive correlation with observability for example mobile activity has access any time and also it has low positive significance with both social factor and compatibility.

Findings

Majority of the respondents perceived higher relative advantage with respect to factors like Relative advantage, Social Factor, Compability and Observability that influence intention to use Mobile banking services. From the correlation between continuance intention factors viz. relative advantage, social factor, compatibility and observability, it is observed that all the four factors have positive correlation and are significant. The social factors improves quality of life where using mobile banking has less level of positive correlation with observability for example mobile activity has access any time and also it has low positive significance with both social factor and compatibility. So, the bankers need to be unique in the service providing to gain word of mouth publicity about its services which in turn popularizes its mobile banking features as well as the brand equity of the bank itself. This research work reports the fast growth of M-Banking technology enabled financial information service in the banking sector of India in terms of their volume and value of M-Banking transaction. Majority of the respondents have perceived higher relative advantage with respect to factors like Relative advantage, Social

Factor, Compatibility and Observability that influence intention to use Mobile banking services. More than 90% of the respondents have expressed their higher benefits on using mobile banking services due to ease of use and usefulness and 54.4% of respondents have expressed the factor of Cost and convenience that influences at medium level.

Conclusion

The long-term vision for banking system to transform itself from branch banking to total IT enabled banking level may sound far-fetched at present. Taking banking to domestic and international level competitively, providing financial services on time with accountable, cost reduction to financial service, giving customer satisfaction, extending services to unbanked centres and low income groups will require a combination of new advanced technologies. For that reason, banking sector of India finds M-Banking service a new era in electronic banking.

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